

## Message Text

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TO AMEMBASSY BONN

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E.O. 11652: GDS

TAGS: MASS, MPOL, GW

SUBJECT:ARMS SALES DISCUSSION BY SISCO WITH HERMES

EYES ONLY: FOR HILLENBRAND FROM HARTMAN

1. SUMMARY: IN EXPLORATORY EXCHANGE WITH UNDER SECRETARY SISCO OCTOBER 22, STATE SECRETARY HERMES EXPLAINED FRG INTEREST IN OBTAINING US VIEWS ON ARMS SALES, PARTICULARLY TO EGYPT AND OTHER MIDDLE EAST COUNTRIES. HERMES HAD DISCUSSED ARMS SALES CONSULTATIONS DURING VISIT TO PARIS LAST WEEK AND FOUND FRENCH RECEPTIVE TO CONSULTATIONS ON FRG-FRENCH CO-PRODUCED SYSTEMS, BUT NEGATIVE TOWARD BROADER, OR MULTILATERAL CONSULTATIONS INCLUDING US. SISCO OUTLINED OUR POLICIES TOWARD SALES, STRESSING DOMESTIC

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POLITICAL ENVIRONMENT AND CASE-BY-CASE APPROACH, AND OFFERED

TO PROVIDE HERMES WITH CONSIDERED RESPONSES ON SPECIFIC GERMAN QUESTIONS. IT WAS AGREED THAT US AND FRG SHOULD STAY IN TOUCH BILATERALLY WHILE CONSIDERING DIRECTION OF FURTHER CONSULTATION.

2. HERMES REVIEWED "UNINTENDED" EVOLUTION OF FRG INTO MAJOR PRODUCER, AND CO-PRODUCER WITH FRENCH AND OTHERS, OF SYSTEMS IN WHICH NON-NATO COUNTRIES ARE INTERESTED.

BECAUSE OF VERY RESTRICTIVE POLITICAL AND LEGAL POSITION, FRG ARMS (SOLD OUTSIDE NATO ON CASH BASIS ONLY) NOW COMPRISE ONLY ONE-THIRD OF ONE PERCENT OF FRG EXPORTS, AT TIME OF ECONOMIC SLUMP IN FRG. GROWING PRESSURES HAVE CAUSED FRG GOVERNMENT TO CONSIDER GIVING GREATER FLEXIBILITY TO ITS ARMS EXPORT POLICIES. SINCE NOBODY WANTS TO CHANGE LAW, GOVERNMENT MUST BE ABLE TO SAY THAT ANY SALES ARE IN COMPLIANCE WITH FRG LAW, AND, IN JUDGMENT OF FRG ALLIES, CONSISTENT WITH WESTERN OBJECTIVES OF PEACE AND STABILITY.

3. HERMES SAID HE DISCUSSED ARMS SALES CONSULTATIONS LAST WEEK IN PARIS WITH FRENCH FOREIGN MINISTRY SECRETARY GENERAL DE COURCEL. FRENCH POLICY IS VERY PRAGMATIC, FOLLOWING RULE OF THUMB THAT DELIVERIES ARE APPROVED TO ALL COUNTRIES WHERE THERE IS WESTERN COMPETITION AND SOVIET ALTERNATIVE EXISTS. FRENCH EXPRESSED WILLINGNESS TO CONSULT WITH FRG ON CO-PRODUCED SYSTEMS, BUT REACTED NEGATIVELY TO SUGGESTION OF POSSIBLE FRENCH-FRG-UK-US CONSULTATIONS ON ARMS SALES, WHICH WOULD ONLY "STRENGTHEN US MONOPOLY." (HERMES OFFERED VIEW LATER IN DISCUSSION THAT IF US FELT MULTILATERAL DISCUSSIONS DESIRABLE, AN APPROACH DIRECTLY TO GISCARD MIGHT BE NEEDED. HE DID NOT SPECIFY WHO SHOULD MAKE SUCH AN APPROACH.)

4. HERMES SAID THAT FRG AND US BASIC PHILOSOPHIES CONCERNING ARMS SALES SEEM SIMILAR. FRG LAW FORBIDS SALES WITH "RISK OF ACTS DISTURBING THE PEACE" AND US MILITARY SALES ACT PROVIDES THAT DECISIONS ON SALES BE BASED ON STRENGTHENING US SECURITY AND PROMOTING WORLD PEACE. FRG CONCERN CENTERS ON QUESTION OF SALES, GENERALLY  
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PROHIBITED IN PAST, TO AREAS OF TENSION. SUCH SALES COULD IN FACT BE STABILIZING IF FOR EXAMPLE THEY IMPROVED THE BALANCE BETWEEN CONFLICTING PARTIES, OR REPLACED SOVIET ARMS. HERMES ASKED FOR AN EXPLANATION OF US POLICY TOWARDS SALES IN THE MIDDLE EAST.

5. SISCO DESCRIBED FOR HERMES OUR APPROACH TO SALES, OUTLINING US DOMESTIC POLITICAL ENVIRONMENT IN WHICH OUR

POLICIES MUST OPERATE, PARTICULARLY CRITICAL MOOD IN CONGRESS REGARDING MILITARY ASSISTANCE AND US ARMS EXPORTS TO PERSIAN GULF COUNTRIES. UNDER SECRETARY SUMMARIZED MAJOR US POLICY LINES WITH RESPECT TO ISRAELI AND ARAB BALANCE; MODERATE AND RADICAL ARABS; PERSIAN GULF COUNTRIES AND SOUTH ASIA. HE NOTED OUR RESTRICTIONS ON THIRD PARTY TRANSFERS, BUT SAID HE MUST BE REALISTIC ABOUT POSSIBILITY THAT ARMS MAY IN ANY CASE FIND WAY TO ARAB-ISRAELI FRONT. SISCO TOLD HERMES THAT US POLICIES COULD NOT OF COURSE BE ADEQUATELY ADDRESSED ONLY IN ABSTRACT, GENERAL TERMS,

SINCE OUR APPROACH IS PRAGMATIC AND ON A CASE-BY-CASE BASIS.

6. HERMES SAID THAT FRG FACED TWO IMMEDIATE QUESTIONS: SALES TO EGYPT AND TO SYRIA. THIS STEMMED IN LARGE PART FROM CO-PRODUCER ARRANGEMENT WITH FRENCH, WHO ARE ANXIOUS TO MAKE SALES (FRENCH, OVER FRG OBJECTIONS, HAD GONE AHEAD AND DEMONSTRATED ALPHA JET TO EGYPTIANS). FAHMY HAD ALSO APPROACHED GERMANS RECENTLY TO ASK WHY FRG WAS UNWILLING TO SELL TO EGYPT. HERMES REQUESTED CONSIDERED US VIEWS ON SALES TO EGYPT AND SYRIA, AS WELL AS ON SALES BY WESTERN EUROPEANS TO COUNTRIES SUCH AS IRAQ, SALES TO THE INDIAN SUBCONTINENT AND AFRICA, AND US SENSITIVITIES WITH RESPECT TO LATIN AMERICA. HE SAID ISRAEL WAS NOT CONSIDERED AMONG COUNTRIES TO WHICH FRG COULD PROVIDE ARMS.

7. SISCO TOLD HERMES THAT WHILE WE FELT EGYPT'S NEED TO SECURE ARMS FROM SOURCES OTHER THAN THE USSR SHOULD BE ADDRESSED, IN HIS VIEW THE POLITICAL ENVIRONMENT IN US LIKELY RULED OUT A DEFINITIVE DECISION ON POSSIBLE US SALES DURING SADAT'S VISIT. WITH RESPECT TO THIS AND OTHER COMPLEX AND SENSITIVE QUESTIONS CONCERNING US VIEWS ON SALES  
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TO INDIVIDUAL COUNTRIES, SISCO SAID WE WOULD NEED TO PROVIDE MORE DETAILED AND CONSIDERED REPLIES.

8. IN THUMBNAIL SKETCH OF FRG SALES RELATIONSHIPS, HERMES SAID THAT FRG REFUSAL TO SELL LEOPARD TANKS TO IRAN HAD CAUSED SOME UNFRIENDLY REACTION. FRG, IN CONSULTATION WITH ITALY AND UK HAD TURNED DOWN A REQUEST BY INDIA TO BUY MRCA ENGINES. REQUEST TO BUY ARMS BY PAKISTAN HAD ALSO BEEN REFUSED. FRG HAD RECEIVED NO REQUESTS FROM ASIA, AND SALES TO LATIN AMERICA, EXCEPT FOR SOME SUBMARINES, HAD CONSISTED OF SMALL ARMS. FRG HAD NOT YET RESPONDED TO AN OFFER BY BRAZIL TO BUY LEOPARD TANKS (HERETOFORE SOLD ONLY TO NATO COUNTRIES AND AUSTRALIA).

9. HERMES AGREED THAT THIS HAD BEEN A USEFUL EXPLORATORY

EXCHANGE AND THAT US AND FRG MUST STAY TOGETHER IN  
PURSUING OUR COMMON OBJECTIVES. SISCO NOTED THAT WE  
NEEDED TO DECIDE CONCERNING FURTHER CONSULTATIONS, WHICH  
COULD BE DONE THROUGH DIPLOMATIC CHANNELS. SISCO SUGGESTED  
THAT THE FRG ALSO DISCUSS THE MATTER OF ARMS SALES,  
PARTICULARLY TO THE PERSIAN GULF STATES, WITH THE UK.  
HERMES SAID HIS GOVERNMENT WOULD APPRECIATE A FOLLOW-UP  
OF THIS FIRST MEETING. AS LONG AS THERE CANNOT BE FOUR-  
POWER, MULTILATERAL CONSULTATIONS, WE SHOULD STAY IN TOUCH  
BILATERALLY, AND IT WOULD BE HELPFUL IF THE US ALSO  
CONTACTED THE FRENCH AND THE BRITISH. HERMES ADDED

THAT THE FRG WOULD BE INTERESTED IN ANY IDEAS THE US  
DEVELOPS ON FOUR-POWER CONSULTATIONS. KISSINGER

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